

## General Fund Balancing Strategy Detail

### 2008-2009 Adopted Budget

#### INTRODUCTION

This Attachment is intended to provide a brief, but more detailed, summary of the key actions provided for in the General Fund as part of the overall strategy to balance the 2008-2009 Adopted General Fund Budget. The February 2008 Forecast Base Budget was used as a starting point in this process. From the release of the February 2008 Forecast, revenue and expenditure adjustments were incorporated into the Revised Forecast Base Budget, the Proposed Budget, and the Adopted Budget.

In February 2008, the Administration presented to the City Council formal projections for the 2008-2009 General Fund budget as part of the *2008-2009 City Manager's Budget Request & 2009-2013 Five-Year Forecast and Revenue Projections* document. The 2008-2009 "base-case" projections in that document indicated the presence of a shortfall totaling approximately \$22.33 million. This "shortfall" represented the difference or gap between projected 2008-2009 General Fund resources and the expected cost of both current services in next year's terms, and providing for several Council "committed" augmentations (e.g., the costs of operating and maintaining new facilities).

In addition to the basic projected shortfall in the General Fund of \$22.33 million, it was noted that an additional shortfall of about \$7.20 million existed in the cost-recovery, development-related fee programs in the General Fund.

Subsequent to the release of the February Forecast, a number of revisions to both expenditures and revenue estimates were made based on updated information. These

changes were incorporated into the Revised Forecast Base Budget included in the Proposed Budget.

The revisions to the Base Budget included a series of changes that produced a net reduction in General Fund sources of \$2.17 million, and a decrease in overall costs of \$1.14 million. These changes resulted in a slight increase of \$1.03 million to the estimated General Fund shortfall, bringing the revised deficit to \$23.36 million. This was the amount that was addressed in the Proposed Budget balancing plan. These adjustments to the Base Budget are described in more detail below.

In addition to developing a strategy to eliminate the basic \$23.36 million shortfall, a separate strategy was proposed to address the shortfall (\$6.28 million) projected for the General Fund cost recovery Development Fee Programs. This was down by \$0.92 million from the \$7.20 million shortfall previously identified due to updated overhead rates issued by the Finance Department. In order to isolate the fee program problem and ensure that solutions were made specific to those fee programs, that gap is listed and discussed in this document separately from the basic General Fund shortfall. The development fee programs are directed by City Council policy to recover 100% of the cost of development review and inspection. The February Forecast assumed that consistent with that policy, these fee programs would develop a strategy that would completely address this shortfall. The Proposed Budget included such a strategy. With the fee program shortfall, the total gap addressed in the Proposed Budget was \$29.64 million.

## General Fund Balancing Strategy Detail (Cont'd.)

### 2008-2009 Adopted Budget

#### INTRODUCTION (CONT'D.)

The 2008-2009 Proposed Budget contained a set of actions that increased both overall General Fund sources (by a total of \$31.3 million), and increased net costs (by \$1.7 million) to close the \$29.6 million budget shortfall. The revenue changes included two major components: additional 2008-2009 Beginning Fund Balance generated from reserves (\$19.7 million) and the addition of \$11.6 million in revenues and transfers from other funds to be generated in 2008-2009.

The expenditure increase of \$1.7 million was the net impact of \$21.6 million in reductions offset by \$23.3 million in augmentations (\$11.6 million ongoing and \$11.7 million one-time). The reductions included staffing and non-personal/equipment eliminations (\$15.3 million), funding shifts (\$3.6 million) and use of reserves (\$2.7 million). The additions included funding for deferred infrastructure and maintenance (\$6.1 million), neighborhood

services activities (\$2.7 million), committed additions included in the February Forecast (\$2.3 million), economic development activities (\$1.4 million), City Council direction via approval of the 2008-2009 Mayor's March Budget Message (\$4.7 million), public safety initiatives (\$1.7 million), and strategic support activities (e.g. GASB 43/45, sunshine, wellness) (\$4.4 million). The result was a balanced Proposed Budget of \$913.8 million.

From the release of the Proposed Budget to the final adoption of the budget, additional revisions totaling \$136.0 million occurred. The largest component of the increase was the rebudget of 2007-2008 funds (\$132.7 million) to be carried forward to 2008-2009 to complete various projects.

The following Table (I) displays the overall projections for the 2008-2009 General Fund as they changed between the February 2008 Forecast and the Adopted Budget.

**Table I**  
**2008-2009 ADOPTED OPERATING BUDGET**  
**February Forecast To Adopted Budget Reconciliation**

	Total Sources	Total Uses	(Shortfall)/ Surplus
<b>February Forecast</b>	<b>\$ 884.631</b>	<b>\$ 906.965</b>	<b>(\$ 22.334)</b>
Forecast Revisions	(2.172)	(1.146)	(1.026)
<b>Revised Forecast (no fee impact)</b>	<b>882.459</b>	<b>905.819</b>	<b>(23.360)</b>
Development Fee Program Impact	0.00	6.277	6.277
<b>Revised Forecast (with fee impact)</b>	<b>882.459</b>	<b>912.096</b>	<b>(29.637)</b>
Proposed Revisions	31.347	1.710	29.637
<b>2008-2009 Proposed Budget</b>	<b>\$ 913.806</b>	<b>\$ 913.806</b>	<b>\$ 0.00</b>
Adopted Revisions	135.972	135.972	0.00
<b>2008-2009 Adopted Budget</b>	<b>\$ 1,049.778</b>	<b>\$ 1,049.778</b>	<b>\$ 0.00</b>

## General Fund Balancing Strategy Detail (Cont'd.) 2008-2009 Adopted Budget

### REVISED FORECAST BASE BUDGET

As discussed on the previous page, following the issuance of the February Forecast, detailed analysis of the status of General Fund revenues and expenditures continued. Based on this review, a series of changes to the Forecast Base Budget estimates for both

sources and uses were incorporated into the Proposed Budget in the form of a Revised Forecast Base. This Revised Forecast Base Budget (no fee impact) resulted in a revised shortfall estimate of \$23.3 million, up slightly (\$1.0 million) from that shown in the February Forecast.

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### REVISED FORECAST SUMMARY OF CHANGES

Revisions to the source estimates contained in the February Forecast that were incorporated into the Revised Forecast included the following:

<u>Sources</u>	<u>Revision</u>
Property Tax	(\$ 1,202,000)
Transfers and Reimbursements	(622,000)
Departmental Charges	(604,000)
Utility Tax	350,000
Miscellaneous Revisions	(93,000)
<b>Net Change in Sources</b>	<b>(\$ 2,171,000)</b>

Since the release of the February Forecast, changes to the General Fund uses included:

<u>Uses</u>	<u>Revision</u>
Debt Service Payments for City Hall, Hayes and Municipal Golf Courses	\$ (973,000)
Establishment of a Fuel Reserve	750,000
General Liability Claims Payments	(500,000)
Workers' Compensation Claims Payments	(1,150,000)
Miscellaneous Revisions	727,000
<b>Net Change in Uses</b>	<b>\$ (1,146,000)</b>

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Following is a brief description of the Revised Forecast changes in the General Fund revenues:

- The Property Tax revenue estimate was revised downwards by \$1.2 million to reflect lower projected Secured Property Tax growth based on the latest information provided by the County of Santa Clara Assessor's Office. In the Preliminary 2009-2013 General Fund Forecast released in November 2007, a

Secured Property Tax growth rate of 6% was assumed for 2008-2009. This figure was reduced to 5.5% in the February 2008 Forecast, and was reduced further to 4.5% in this final General Fund Forecast. This change resulted in a \$1.6 million reduction to the Secured Property Tax estimate. This downward adjustment was partially offset by slight increases to the Unsecured Property Tax and SB 813 Property Tax categories based on higher than anticipated 2007-2008 actual collections.

## General Fund Balancing Strategy Detail (Cont'd.) 2008-2009 Adopted Budget

### REVISED FORECAST BASE BUDGET (CONT'D.)

- The Transfers and Reimbursements category decreased by \$622,000. The largest element of this adjustment was a downward revision of \$1.3 million based on updated overhead rates issued by the Finance Department after the release of the February 2008 Forecast. Other adjustments included an increase of \$600,000 to the Transfer from the Emergency Communication System Support Fee based on an analysis of revenue collections and expenditures and an increase of \$87,900 from the Public Works Program Support Fund to reimburse the General Fund for the Plans and Specifications Update project.
- The Departmental Charges revenue estimate decreased by \$604,000 to reflect the following: a decrease of \$528,000 to the Public Works revenue estimate based on a lower Utility Program estimate; an increase of \$157,000 based on a higher Traffic Signals revenue estimate; and a decrease of \$234,000 to the Planning Development Fee estimate based on the revised overhead rates and City Hall costs.
- The Utility Tax category was increased by \$350,000 to reflect higher projected Gas Utility Tax collections.
- Other revisions resulted in a net decrease of \$93,000. These included downward adjustments to the Use of Money and Property (\$170,000), the Revenue from Local Agencies (\$136,000), and the Franchise Fees (\$86,000) categories, partially offset by increases to Revenue from the State (\$292,000), Licenses and Permits (\$6,000), and the Other Revenue (\$1,000) categories.

Revisions to the February forecasted 2008-2009 expenditure levels included the following:

- A reduction to the Transfers to the City Hall Debt Service Fund (\$393,000), Community Facilities Revenue Fund/Hayes Mansion Conference Center (\$330,000) and Municipal Golf Course Fund (\$250,000) to reflect updated debt service requirements for these facilities in 2008-2009 due to revised interest rates.
- A thorough review of funding requirements for Workers' Compensation and General Liability Claims Payments for 2008-2009 resulted in a savings of \$1,650,000.
- Due to the current volatility in the market for fuel, an earmarked reserve of \$750,000 for fuel usage in the General Fund was included for potential use in 2008-2009.
- Finally all Base Budget expenditure estimates for all departments and City-Wide line items were also carefully re-examined during the time between the February Forecast and the issuance of the Proposed Budget. This review resulted in miscellaneous increases of \$727,000 in the General Fund.

### PROPOSED BUDGET BALANCING STRATEGY

Specific Council direction regarding the preparation of the Proposed Budget was provided in the Mayor's March Budget Message. The details of the specific elements of that Message and the responses contained in this budget are provided in Attachment B.

## General Fund Balancing Strategy Detail (Cont'd.) 2008-2009 Adopted Budget

### **PROPOSED BUDGET BALANCING STRATEGY (CONT'D.)**

Attachment C contains information regarding the status of City Auditor recommendations with funding impacts.

As summarized in Table II and discussed below, the budget balancing strategy developed by the Administration resulted in a

balanced 2008-2009 General Fund Proposed Budget totaling \$913.8 million. Following that is a brief discussion of the key elements of the budget balancing actions that were included in that Proposed Budget. Much more detailed descriptions of these elements are provided elsewhere in this document or in the 2008-2009 Fees and Charges document that is published under separate cover.

**General Fund Balancing Strategy Detail (Cont'd.)**  
**2008-2009 Adopted Budget**

**PROPOSED BUDGET BALANCING STRATEGY (CONT'D.)**

Table II  
**2008-2009 PROPOSED OPERATING BUDGET**  
**General Fund Funding Requirements and Balancing Strategy**

	2008-2009	Ongoing
<b>Revised Forecast</b>	<b>(\$ 23,360)</b>	<b>(\$ 23,360)</b>
<b>Development Fee Program Impact</b>	<b>( 6,277)</b>	<b>( 6,277)</b>
<b>Revised Forecast</b>	<b>(\$ 29,637)</b>	<b>(\$ 29,637)</b>
<b>Balancing Strategy</b>		
<b>Additional Resources</b>		
Available Fund Balance:		
2008-2009 Future Deficit Reserve	\$ 7,271	\$ 0
Use of Earmarked Reserves	10,367	912
2007-2008 Excess Revenue/Expenditure Savings	115	200
Development-Related Fee Program Reserves	1,991	0
Transfers:		
Construction Excise Tax Fund	1,200	1,200
Emergency Communication System Support Fee	1,071	0
Other Transfers	770	770
Development-Related Fee Revenue	3,282	4,517
Redevelopment Agency Reimbursement	1,961	2,441
Other Revenue Changes	3,319	7,599
<b>Subtotal Additional Resources</b>	<b>\$ 31,347</b>	<b>\$ 17,639</b>
<b>Funding Changes by City Service Area</b>		
Community and Economic Development:		
Non-Development-Related Programs	\$ 2,766	\$ (323)
Development-Related Fee Programs	(1,702)	(2,347)
Environmental and Utility Services	(1,102)	(1,103)
Neighborhood Services	(2,567)	(281)
Public Safety	(472)	(1,578)
Transportation and Aviation Services	(638)	(922)
Strategic Support:		
Unmet/Deferred Infrastructure and Maintenance Reserve	5,000	0
Strategic Support, Mayor, City Council and Appointees	425	(2,719)
<b>Funding Changes by City Service Area</b>	<b>\$ 1,710</b>	<b>\$ (9,273)</b>
<b>Total Balancing Strategy</b>	<b>\$ 0</b>	<b>\$ (26,912)</b>
<b>Remaining Balance</b>	<b>\$ 0</b>	<b>(\$ 2,725)</b>

## General Fund Balancing Strategy Detail (Cont'd.) 2008-2009 Adopted Budget

### PROPOSED BUDGET BALANCING STRATEGY (CONT'D.)

#### Additional Resources

From the Revised Forecast of \$882.5 million, additional resources totaling \$31.3 million were brought forward, resulting in a Proposed Budget revenue estimate total of \$913.8 million. The components of the \$31.3 million increase are broken down as follows: an increase in the estimate for the 2007-2008 Ending Fund Balance/2008-2009 Beginning Fund Balance (\$19.7 million) and increases to revenue estimates (\$11.6 million).

#### Available Fund Balance

The higher fund balance of \$19.7 reflects the liquidation of 2007-2008 reserves (\$19.1 million), an increase in expectations for expenditure savings in 2007-2008 (\$549,000), and the liquidation of encumbrances (\$65,000). The additional Reserves that were included in the 2008-2009 Proposed Budget were: the 2008-2009 Future Deficit Reserve (\$7.3 million), the Salary and Benefits Reserve (\$5.0 million), the Airport Overhead Reserve (\$3.0 million), the Building Development Fee Program Reserve (\$1.6 million), the Neighborhood Investment Fund Reserve (\$546,000), the Enhanced Parks Maintenance Reserve (\$600,000), the Future Capital Projects (FF&E) Reserve (\$550,000), the Fire Fee Program Reserve (\$368,000), and the Environmental Mitigation (Burrowing Owl) Reserve (\$164,000).

#### Increases to 2008-2009 Revenue Estimates

The \$11.6 million increase to the revenue estimates were spread among many of the revenue categories. One of the largest

adjustments included a \$3.3 million increase in the Transfers and Reimbursements category. This included transfers of \$1.2 million from the Construction Excise Tax Fund, \$1.1 million from the Emergency Communication System Support Fee Fund to support the purchase of furniture and equipment for the dispatchers, \$400,000 from the Vehicle Fund, and \$370,000 from various funds to support post-employment health benefits.

The Licenses and Permits (up \$2.6 million) and Departmental Charges (up \$2.1 million) categories were adjusted upward to reflect updated fees to remain at cost-recovery in the various fee programs.

The Revenue from Local Agencies category was increased by \$2.2 million and primarily reflected additional reimbursement from the San Jose Redevelopment Agency (SJRA) (\$2.0 million). This amount included \$1.4 million in increased SJRA reimbursement for eligible capital projects to free up funds to support the San José BEST program (\$1.0 million) and the addition of eight new police officers (\$358,000). Reimbursement from the County of Santa Clara was projected to support the MORE Hits program (\$48,000), the Mugshot Program (\$109,000), the Automatic Fingerprint Information System (AFIS) Printak (\$18,000), and the Northside Senior Nutrition Program (\$65,000).

Other smaller adjustments resulted in an increase of approximately \$1.4 million to the revenue estimates.

#### Increases to 2009-2010 Revenue Estimates

Currently, there is no offset for the annual debt service payments of approximately \$2 million supported by the General Fund for the FMC/Airport West property. When this

## General Fund Balancing Strategy Detail (Cont'd.) 2008-2009 Adopted Budget

### PROPOSED BUDGET BALANCING STRATEGY (CONT'D.)

#### Increases to 2009-2010 Revenue Estimates (Cont'd.)

property was purchased, it was anticipated that it would be used for economic development purposes and that revenue generated from the property would be sufficient to offset the debt costs. In the 2008-2009 Proposed Budget, it was assumed that the City would be able to implement an economic development strategy that would offset the debt service costs by 2009-2010 at the latest. This was included as an ongoing budget balancing action in 2009-2010 that offsets the City's General Fund debt obligation of \$2 million. This funding, however, was not assumed as available in 2008-2009.

If the proposed sale of the Airport West property is completed, it would generate additional one-time revenue that was factored into the 2008-2009 Proposed Budget.

### Funding Changes by City Service Area

The remainder of the proposed balancing strategy involved a multitude of specific expenditure actions, resulting in a net increase of \$1.7 million, with an ongoing savings value of \$9.3 million.

A listing of the proposed budget modifications is provided by City Service Area (CSA) in Table II and the budget actions are described in greater detail in the CSA and departmental sections of the Adopted Budget document.



## General Fund Balancing Strategy Detail (Cont'd.)

### 2008-2009 Adopted Budget

#### ADOPTED BUDGET BALANCING STRATEGY

The final phase of the 2008-2009 budget process commenced following the issuance of the City Manager's Proposed Budget and consisted of the following major steps: City Council Budget Study Sessions on the Proposed Budget; issuance by Administration of recommended revisions to the Proposed Budget (in the form of formal Manager's Budget Addendums, or MBA's); formal public input through the Public Hearings process; issuance of the Mayor's June Budget Message memorandum; and approval by the City of a final Adopted Budget.

Summarized in Table III by general category are the additional funding requirements introduced by Manager's Budget Addenda or the Mayor's June Budget Message. (The full text of the Message is included as an Appendix to this document.) Those additional requirements totaled \$136.0 million. By far the largest component of the increase was rebudgets of 2007-2008 funds (\$132.7 million) to be carried forward for the completion of various projects. Detailed descriptions of the approved changes are provided in the specific City Service area sections of this document.

**Table III**  
**2008-2009 ADOPTED OPERATING BUDGET**  
**General Fund Funding Requirements and Balancing Strategy**

	2008-2009	Ongoing
<b>Remaining Balance from Proposed Budget (from Table II)</b>	<b>\$ 0</b>	<b>(\$ 2,725)</b>
<b>Balancing Strategy</b>		
<b>Additional Resources</b>		
Fund Balance to Support 2007-2008 Projects	\$ 128,486	\$ 0
Revenue-Related Rebudgets to Support 2007-2008 Projects	4,184	0
Other Revenue Changes	<u>3,302</u>	<u>1,054</u>
<b>Subtotal Additional Resources</b>	<b>\$ 135,972</b>	<b>\$ 1,054</b>
<b>Funding Changes by City Service Area</b>		
Community and Economic Development	\$ (568)	\$ 11
Neighborhood Services	805	(153)
Environmental and Utility Services	261	0
Public Safety	3,209	2,495
Transportation and Aviation Services	3,345	(150)
Strategic Support	(3,750)	203
Other Funding Changes:		
Rebudgeted 2007-2008 Projects	<u>132,670</u>	<u>0</u>
<b>Funding Changes by City Service Area</b>	<b>\$ 135,972</b>	<b>\$ 2,406</b>
<b>Total Balancing Strategy</b>	<b>\$ 0</b>	<b>(\$ 1,352)</b>
<b>Remaining Balance</b>	<b>\$ 0</b>	<b>(\$ 4,077)</b>

## General Fund Balancing Strategy Detail (Cont'd.) 2008-2009 Adopted Budget

### ADOPTED BUDGET BALANCING STRATEGY (CONT'D.)

#### Additional Resources

As part of the City Council-approved revisions to the Proposed Budget, a total of \$136.0 million in additional resources were approved to be utilized as part of the Adopted Budget strategy. The major elements of these revisions are described below.

#### Fund Balance to Support 2007-2008 Rebudgeted Projects

The unrestricted portion of the 2007-2008 Ending/2008-2009 Beginning Fund Balance estimated was adjusted upward from earlier estimates by an additional \$128.5 million to reflect the 2007-2008 funding which was estimated to be available to be carried over to 2008-2009 to complete previously approved projects.

#### Revenue Rebudgeted to Support 2007-2008 Rebudgeted Projections

The Adopted Budget includes grant and reimbursement-related revenue totaling \$4.2 million that was rebudgeted from 2007-2008 to complete the associated projects in 2008-2009. These revenue-related rebudgets were spread among a number of revenue categories (Local Agencies, State, Federal Government, and Other Revenue).

#### Other Revenue Adjustments

Several revenue adjustments resulting in a net increase of \$2.9 million were approved as part of the Adopted Budget. These actions included the following: an increase of

\$920,000 to the Transfer from the Emergency Communication System Support Fee Fund to the General Fund to support the purchase of a 9-1-1 uninterrupted Power Supply; an increase of \$875,000 to the Property Tax revenue estimate based on updated information from the Santa Clara County Assessor's Office on the estimated receipts for 2007-2008 that will increase the starting point for 2008-2009; an upward adjustment of \$639,000 to the Other Revenue estimate to reflect additional revenue associated with the Sale of Surplus Property located at 450 Park Avenue (\$450,000) and the PG&E Energy Watch (\$189,000); an upward adjustment of \$440,000 to the Beginning Fund Balance estimate to reflect estimated savings from Council General (\$300,000), the City-Wide Downtown Soft Close Pilot Program (\$107,000), and the Independent Police Auditor (\$32,500); an increase of \$329,000 to the Licenses and Permits estimate to reflect increases to the Cardroom Table Fee (\$248,000) and the Police Public Entertainment Permit revenue (\$81,000); and increase of \$103,000 to the Revenue from Local Agencies to reflect various grants; and an increase of \$38,000 to the Revenue from the Federal Government estimate to reflect various federal grants.

#### Adopted Budget Funding Changes by City Service Area

Actions resulting in a net addition of \$136.0 million were approved as part of the Adopted Budget phase. The following highlights some of the more significant General Fund budget changes that were approved in the final phase of the process and have been grouped by City Service Area.

## General Fund Balancing Strategy Detail (Cont'd.) 2008-2009 Adopted Budget

### ADOPTED BUDGET BALANCING STRATEGY (CONT'D.)

#### Adopted Budget Funding Changes by City Service Area (Cont'd.)

##### Community and Economic Development CSA

Partially offsetting restorations in other areas was the approved elimination of a portion of one-time funding for Green Vision (\$500,000), retail strategy development (\$118,430), and the BusinessOwnerSpace.com (\$100,000). Funding was added to augment support of the Sports Authority (\$100,000), and development of a Neighborhood of Distinction concept (\$50,000) for the City to protect its historic homes.

##### Environmental and Utility Services CSA

Funding was approved for a PG&E grant to continue an Energy Watch program (\$189,000) and to expand the number of clean-ups along creeks for illegal encampments (\$73,000).

##### Neighborhood Services CSA

Funding of \$805,000 was approved for Kirk Community Center Renovations (\$250,000), Summer Safety Initiative Pilot (\$243,000), Community Responsibility Council and Transition Center (\$150,000), Weed and Seed Code Enforcement Inspector (\$128,000), restoration of Sunday hours at Tully Branch Library in 2008-2009 and 2009-2010 (\$120,000), South Bay Children's Medical Center's Children's Mobile Health Clinic (\$42,000), and a Mayor's Gang Task Force Year-End Summit (\$25,000). Offsetting these additions is the elimination of parks

maintenance for a new park to reflect private maintenance of Santa Teresa Transit Village (\$188,000).

##### Public Safety CSA

Funding was included for the one-time restoration of Challenges and Choices staffing (\$185,000) and a receptionist position in the Office of the Independent Police Auditor (\$32,500); the ongoing restoration of the school crossing guard program (\$313,000); ten additional police officer positions (\$662,000); increases to Police and Fire Departments Personal Services to reflect revised City contribution rates for the Police/Fire Retirement Plan (\$588,000); augmented resources in the Police Department's Division of Gaming Control (\$248,000); development of a Public Safety Recruitment and Training Strategy (\$75,000); Truancy Abatement Program augmentation to develop a system to track youth who are not in school (\$50,000); and various Public Safety Grants (\$259,000).

##### Transportation and Aviation Services CSA

Funding was included to address various transportation maintenance backlogs (\$2.3 million for Story Road and Leigh Avenue street resurfacing; \$250,000 for Transportation Infrastructure; \$150,000 for Traffic Signs, Roadway Markings and Streetlight Maintenance); Traffic Calming efforts (\$650,000); purchase of Radar Speed Display Trailers for Neighborhoods (\$120,000); and Highway 87 Downtown Gateway clean-up (\$25,000). The elimination of support for Arena employee parking is also included as the Redevelopment Agency will support those costs (\$150,000) directly.

## General Fund Balancing Strategy Detail (Cont'd.) 2008-2009 Adopted Budget

### ADOPTED BUDGET BALANCING STRATEGY (CONT'D.)

#### Adopted Budget Funding Changes by City Service Area (Cont'd.)

##### Strategic Support CSA

Funding was included for the replacement of 9-1-1 Uninterruptible Power Supply System Replacement (\$2,300,000), Desktop Computer and Software (\$653,000), Police Administration Building Chiller (\$352,000) and Police Special Operations Unit Motor Replacements (\$65,000); one-time restoration of a support position in the City Clerk's Office (\$136,000) and resources for Community Translation/Interpretation and Meeting Spaces (\$50,000). Offsetting these increases were the elimination of two earmarked reserves (the Unmet/Deferred Infrastructure and Maintenance Reserve of \$5.0 million and the City Council Initiated Neighborhood Investment Fund Reserve of \$1.0 million; downward adjustments to several activities (\$800,000 to the Future Capital Projects FF&E, \$441,000 to the Salary and Benefit Reserve, and \$65,000 to a proposed augmentation to support Sunshine Reform activities).

##### Other Funding Changes

Funding for completion of programs and projects authorized in the prior year was approved. The majority of the rebudgets occurred in three areas: Capital (\$12.6 million), Earmarked Reserves (\$59.4 million) and City-Wide Expenses (\$41.3 million).

##### **Future Implications**

As shown on Table III and mentioned previously, a total of \$4.1 million in one-time solutions were approved as part of the strategy to balance this budget.

The most recent projection for the General Fund in 2009-2010 (as shown in the February 2008 Five-Year Forecast document) was for a shortfall of approximately \$41.9 million that year. Assuming the basic assumptions utilized in that forecast were close to being correct, the carryover impact of the one-time measures contained in this budget would lead to an increase of \$4.1 million in the estimate and a shortfall in 2009-2010 of approximately \$46 million.